

**MINUTES OF REGULAR MEETING
ILLINOIS GAMING BOARD
November 18, 2003
CHICAGO, ILLINOIS**

NOTE: ITEMS IN **BOLDFACE PRINT** REFLECT OFFICIAL BOARD ACTIONS

The Illinois Gaming Board ("Board") held its Regular Meeting on November 18, 2003 in the Auditorium on the 5th floor of the State of Illinois Building, Chicago, Illinois, pursuant to the Illinois Open Meetings Act, 5 ILCS 120/1 et seq.

The following Board Members were present: Chairman Elzie Higginbottom and Members Violet Clark, William Dugan and Gary Peterlin.

Chairman Higginbottom convened the November 18, 2003 Regular Meeting at 8:42 A.M. in the 3rd floor Board Conference Room. Member Peterlin moved that **pursuant to Section 2(c), paragraphs (1), (11), (14) and (21) of the Open Meetings Act and Section 6(d) of the Riverboat Gambling Act, the Board retire to Closed Session to discuss the items listed under Closed Session on today's (November 18, 2003) agenda and relating to the following subject matters:**

- 1. Pending litigation and matters involving probable litigation;**
- 2. Investigations concerning applicants and licensees;**
- 3. Personnel matters; and**
- 4. Closed session minutes.**

Member Dugan seconded the motion. The Board adopted the motion by unanimous consent and retired to closed session.

The Board convened its Open Session at 1:15 P.M.

Minutes

Member Peterlin moved that **the Board approve the closed session minutes of its Regular Meeting of October 22, 2003 and Special Meeting of October 30, 2003 and the open session minutes of its Regular Meeting of October 22, 2003 and Special Meeting of October 30, 2003.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Chairman's Report

Chairman Higginbottom stated that Attorney General Lisa Madigan announced that her office forwarded to the Board a proposed plan of reorganization for Emerald Casino, Inc. Chairman Higginbottom stated that Staff is currently reviewing the proposed reorganization documents in order to address any regulatory concerns. Chairman Higginbottom stated that

once the review process is concluded, the Board would meet to take action on the reorganization plan. Chairman Higginbottom stated that the Board remains committed to responsibly activating the 10th license as soon as possible in order to provide much needed revenue to the people of the State of Illinois. Chairman Higginbottom stated that before the Board takes any action the public would be given ample notice and would have the opportunity to express their opinions regarding any possible location and casino operator. Chairman Higginbottom stated that the Board is proposing that the Board meeting at which the Board would take action on the issue would be Monday, December 15, 2003 at 1:00 P.M.

Chairman Higginbottom expressed his appreciation toward Staff for their hard work over a number of years in making sure that the people of the State of Illinois are protected and that the integrity of gaming in the State of Illinois is maintained.

Member Peterlin echoed Chairman Higginbottom's comments in regards to his appreciation towards Staff for their hard work.

Member Peterlin thanked Alton Belle Casino and Richard Laudon for sending the Board a letter in response to Member Peterlin's inquiry about the Alton Belle Casino's efforts to ensure that Illinois vendors are given full consideration. Member Peterlin stated that if any other licensees would consider providing the Board with that information it would be very well received.

Administrator's Report

Interim Administrator Tamayo announced that two individuals have been permanently placed on the Gaming Board's exclusion list. Interim Administrator Tamayo stated that from time to time Staff discovers individuals who are unsavory characters and pose a widespread threat to the Illinois gaming industry. Interim Administrator Tamayo stated that when this occurs, Staff places the individual on a "very exclusive list."

Interim Administrator Tamayo informed the Board that Staff is working together with state's attorneys offices and the Appellate Prosecutor's Office to organize a series of meetings with the local state's attorneys offices. Interim Administrator Tamayo stated that Staff is organizing a meeting to discuss law enforcement at the casinos.

Interim Administrator Tamayo announced that there will be a General Manager's Meeting on December 10, 2003. Interim Administrator Tamayo stated that Staff is working with the Illinois Casino Gaming Association to identify the agenda items. Interim Administrator Tamayo stated that this meeting is exclusively with the General Managers. Interim Administrator Tamayo stated that there has been a recommendation that Staff should organize meetings with the Suppliers. Interim Administrator Tamayo stated that Staff would look at how they could better communicate with the Suppliers.

Interim Administrator Tamayo stated that there is still a shortage in IGB staffing on the casinos. Interim Administrator Tamayo stated that Staff is hopeful that if and when there is a

10th license, the Gaming Board would be able to acquire additional staff for the operating licensees as well as for the 10th license. Interim Administrator Tamayo announced that Stephanie Byrd would be joining Staff on December 1st. Interim Administrator Tamayo stated that Ms. Byrd is a twenty-year Illinois State Police veteran with police academy training. Interim Administrator Tamayo stated that Ms. Byrd would be able to help with investigations and putting together a training program for Staff.

Interim Administrator Tamayo stated that with regards to the new tax increase, the rule-making was before the Joint Committee on Administrative Rules this morning and it passed with no objections. Interim Administrator Tamayo stated that Staff intends to file the adopted rule within the next couple of days.

Public Commentary

Wayne Burdick, President, The Outreach Foundation, was present to update the Board on the Foundation's recent activities. Mr. Burdick provided the Board with a report, which outlined speaking engagements, new activities, news releases, and thank-you letters from different organizations thanking Mr. Burdick for his presentations on the effects of compulsive gambling. Mr. Burdick expressed his gratitude towards DHS, ICGA, and OASA for their continued support.

Member Clark asked Mr. Burdick to explain the High School/College Gambling Education Program. Mr. Burdick stated that the foundation has developed videos for junior high school students, as well as high school and college students. Mr. Burdick stated that the Foundation takes requests for the videos by mail and then sends the videos out. Mr. Burdick stated that if possible, the foundation sends someone out to do the actual presentation.

Member Peterlin suggested that the law enforcement could incorporate the Foundation's video into their addiction programs. Mr. Burdick stated that the Foundation would like for that to happen; however, there is some reluctance right now from the schools. Mr. Burdick stated that the schools are just a little leery of wanting to "sound an alarm off" about a "big gambling problem" at the schools.

Mr. Burdick stated that the foundation is also working with the probation and parole community.

Board Policy Items

Surrender of Supplier's License – First Notice – Chief Legal Counsel, Mark Ostrowski stated that over the last several months the Board has encountered circumstances where some of the licensees had legitimate business reasons for surrendering their licenses; however, the rules did not provide a mechanism in order to allow this. Mr. Ostrowski stated that Staff is requesting that the Board approve the proposed rules for First Notice Filing.

Member Peterlin moved that **the Board authorize staff to submit the following new rule for First Notice Filing with the Secretary of State upon final review and approval by the Administrator: 3000.244.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Removal from Exclusion List – First Notice – Mr. Ostrowski stated that the Board has encountered situations in the past where individuals have petitioned the Board for removal from its exclusion list; however, there was no criteria for an individual to submit to the Board in order to be removed from the exclusion list. Mr. Ostrowski stated that Staff is requesting that the board approve the amendment for First Notice Filing.

Member Clark moved that **the Board authorize staff to submit the following amended rule for First Notice Filing with the Secretary of State upon final review and approval by the Administrator: 3000.740.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Persons Under 21 on Riverboats – Interim Administrator Tamayo stated that last month, when Staff provided the Board with a presentation on proposed legislation, one of the topics was having statutory language that barred all persons under the age of 21 from entering the riverboats. Interim Administrator Tamayo stated that subsequent to that presentation, the Illinois Casino Gaming Association (ICGA) and others raised the issue of whether the proposed legislation would apply only to patrons or if it would apply to employees and whether it would impact vendors. Interim Administrator Tamayo stated that since this is an issue that would impact a lot of individuals, Staff recommended that the ICGA address the issue publicly to the Board and identify some of the concerns. Interim Administrator Tamayo stated that the Board members would then have the opportunity to ask any questions and deliberate. Interim Administrator Tamayo stated that there is no pending proposal before the General Assembly on this issue, nor is it something that has been taken up for legislative consideration. Interim Administrator Tamayo stated that in the event that this issue has an impact on the Rules and Staff's practice, it would be prudent for the Board to be informed on what some of the issues are.

Interim Administrator Tamayo requested that Tom Swoik, Illinois Casino Gaming Association, present the Board with the industry's perspective on the issue.

Mr. Swoik provided the Board with a brief presentation and requested that the Board reconsider the language of the proposed legislation and include the language that was in prior legislation which would allow casinos to continue to have employees under the age of 21 to work on the gaming floor.

Member Peterlin asked what type of positions the employees who are under the age of 21 occupy. Mr. Swoik stated that those employees are cage cashiers, food and beverage servers, custodians, and some individuals who work in the accounting rooms. Mr. Swoik stated that a lot more of the areas on the boat are considered "gaming areas" now.

Interim Administrator Tamayo stated that this topic ties into the earlier discussion with regards to the placement of the turnstiles and the age of the individuals who enter the facilities. Interim Administrator Tamayo stated that it is a small number of individuals who are under the age of 21 and employed by the casinos. Interim Administrator Tamayo stated that at the last legislative session a grandfathering clause was agreed to, but the question becomes: to what extent are some of the individuals exposed to the gaming area and is that appropriate for the employees who are between the ages of 18 and 21. Interim Administrator Tamayo stated that by the same token, many of the positions are entry-level jobs that provide needed employment opportunities. Interim Administrator Tamayo stated that Staff is just presenting the issue before the Board so that the Board is aware of what some of the issues are. Interim Administrator Tamayo stated that at some subsequent point there would be further discussion.

Owner Licensee Items

ALTON BELLE CASINO – OPERATIONAL CHANGE STATUS – Rich Laudon, General Manager, was present on behalf of Alton Belle Casino to provide the Board with the status of Alton Belle’s operational changes. Mr. Loudon briefed the Board on the continuing increase of competition from Missouri, personnel issues, training programs, vendors and suppliers, donations, and marketing.

EMPRESS CASINO – OPERATIONAL CHANGES – STATUS – Jeff Pfeiffer, Vice President and General Manager, was present to provide the Board with an update on Empress Casino’s operational changes. Mr. Pfeiffer stated that Empress’ major focus is on marketing and refining its marketing programs to be more effective. Mr. Pfeiffer briefed the Board with the status of Empress’ personnel status, marketing efforts, vendor purchasing, and donations.

HARRAH’S CASINO, JOLIET – OPERATIONAL CHANGES – STATUS – Michael St. Pierre, General Manager, was present on behalf of Harrah’s Casino Joliet to provide the Board with an update on Harrah’s operational changes. Mr. St. Pierre recapped Harrah’s report that was provided to the Board confidentially in October 2003. Mr. St. Pierre briefed the Board with the status of Harrah’s revenues, admissions, marketing programs, and operations. Mr. St. Pierre stated that with the changes made in the areas of marketing and operations, Harrah’s experienced an increase in gaming revenue and admissions. Mr. St. Pierre stated that Harrah’s has not made any material changes to its program since its last report. Mr. St. Pierre briefed the Board with new developments that have occurred, which include Harrah’s announcing the largest purchase of IGT slot machines in the history of the casino industry.

Mr. St. Pierre briefed the Board, using a display, on Harrah’s advertising tactics for its Illinois and Indiana properties.

HOLLYWOOD CASINO – OPERATIONAL CHANGES – STATUS – Rodney Phillipe, General Counsel, was present on behalf of Hollywood Casino to provide the Board with an update on Hollywood’s operational changes. Mr. Phillipe stated that a highlight for Hollywood last month was a visit from Interim Administrator Tamayo and other members of Staff and representatives of the Kane County’s State’s Attorneys Office. Mr. Phillipe stated that the purpose of the visit was to familiarize the State’s Attorneys office with Hollywood’s operations and its security and surveillance procedures. Mr. Phillipe briefed the Board with Hollywood’s operational status, employee training programs, and personnel status.

PAR-A-DICE CASINO – OPERATIONAL CHANGES – STATUS – Donna More, Attorney, was present to provide the Board with an update on Par-A-Dice’s operational changes. Ms. More stated that Par-A-Dice submitted a letter to Interim Administrator Tamayo outlining what has been done in the past. Ms. More stated that Par-A-Dice has no current changes to report.

PAR-A-DICE CASINO – REQUEST TO RELOCATE TURNSTILES – Donna More, Attorney, was present to brief the Board on Par-A-Dice’s request to relocate its turnstiles. Ms. More stated that Par-A-Dice submitted, on a confidential basis, a letter dated in July of 2003 outlining its scenario for handling admissions into the pavilion and in the casino. Ms. More stated that part of that proposal encompassed reconfiguring its turnstiles and where they are located. Ms. More stated that the benefits of the reconfiguration would be: (1) it would allow a better opportunity for employees to detect underage patrons before they enter the casino; (2) it would free up space for additional gaming devices; and (3) it would provide for a more orderly ingress and egress onto the casino.

Ms. More addressed Staff’s concerns regarding what type of financial impact the reconfiguration would have. Ms. More stated that Par-A-Dice would continue to have dialog with Staff and would provide Staff with any information needed to address their concerns.

Interim Administrator Tamayo stated that this is an issue that the Board delegated to the Administrator for approval. Interim Administrator Tamayo stated that during today’s Closed session meeting, Staff had decided that given the timing of the request and the impact that it would have to internal controls, it would be appropriate to receive some guidance from the Board. Interim Administrator Tamayo stated that Staff would be following up with Par-A-Dice with regards to its request. Interim Administrator Tamayo stated that it would not be necessary for Par-A-Dice to come back before the Board for formal Board approval, it would remain an issue delegated to the Administrator.

HARRAH’S CASINO, METROPOLIS – REQUEST TO RELOCATE TURNSTILES - Mike Crider, General Manager, was present to discuss the possibilities of relocating Harrah’s turnstiles. Mr. Crider stated that Harrah’s is pursuing its request from an environmental standpoint.

Interim Administrator Tamayo stated that this is an issue that the Board delegated to the Administrator for approval. Interim Administrator Tamayo stated that with additional guidance from the Board, Staff would follow up with Harrah's in regards to Harrah's request and that it would remain an issue delegated to the Administrator.

Member Clark asked why Harrah's has concerns with the locations of its turnstiles now as opposed to a year ago.

Mr. Crider stated that it is all part of a reconfiguration process.

HOLLYWOOD CASINO/PENN NATIONAL – REQUEST TO REFINANCE DEBT AND WAIVER OF TWO MEETING RULE - Rodney Phillipe was present on behalf of Hollywood Casino and Penn National Gaming to request approval for waiver of the Two-Meeting Rule. Mr. Phillipe stated that the reason for the request for waiver of the Two-Meeting Rule is due to the fact that the closing of the finance will be dependent upon market forces.

Member Peterlin moved that **the Board waive the requirement of Board Rule 3000.105(e) and permit Penn National Gaming, Inc. d/b/a Hollywood Casino – Aurora Inc. to present for Board approval its request to refinance debt.** Member Dugan seconded the motion.

Mr. Phillipe was present on behalf of Hollywood Casino and Penn National Gaming to request approval to refinance debt. Mr. Phillipe stated that the primary purpose of the refinancing is to change approximately \$350 million dollars of variable rate debt to a fixed long-term rate. Mr. Phillipe stated that Hollywood believes that it would provide more stability and predictability to the company. Mr. Phillipe stated that the details are contained in the November 7, 2003 submission to the Board and the Administrator.

Based on a review of the staff's investigation and recommendation, Member Clark moved that **the Board approve Penn National Gaming, Inc. – d/b/a Hollywood Casino – Aurora Inc.'s request to refinance its debt and delegate to the Administrator under Board rule 3000.230(d)(2), final approval of the transaction upon execution of the appropriate documents. The parameters of the refinancing shall be as follows:**

Penn National shall be allowed to enter into one or more financing transactions at any time during the next 90 days with the following terms and conditions:

- (1) that the total principal amount of the financing shall not exceed \$350 million dollars;**
- (2) the annual fixed interest rate of any such financing shall not exceed 7 ¾%;**
- (3) the maturity date of the financing shall not exceed 8 years;**

- (4) **the financings will be originated by one or more of Penn National's current investment bankers, as listed in exhibit B or another investment banker of the same calibre listed to the Administrator of Penn National's correspondence to the Administrator dated November 7, 2003;**
- (5) **the financing shall contain each of the indicative terms and conditions as indicated in exhibit C to Penn National's correspondence to the Administrator dated November 7, 2003 provided however, that any covenant that includes a quantifiable formula shall not vary by more the 15% of the covenant as described in exhibit C;**
- (6) **the terms and conditions shall require Penn National to revise the terms of the financing immediately if any of the terms and conditions are in contravention of the Board's order, as determined by the Board;**
- (7) **Penn National shall give notice to the Board within 24 hours of any transaction that is entered into pursuant to this order; and**
- (8) **Penn National shall update the Board on the status of its debt refinancing at every regular scheduled Board meeting until the transaction is completed.**

Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

CASINO QUEEN – CHARLES W. BIDWELL III – TRANSFER OF OWNERSHIP INTERESTS TO TRUSTS – John Janicik, Attorney, was present on behalf of Charles W. Bidwell. Mr. Janicik stated that correspondence has been provided to the Board with the respect to Mr. Bidwell transferring shares that are personally owned by him into two trust. Mr. Janicik stated that Mr. Bidwell would be the sole beneficiary of trusts, as well as the sole trustee of the trusts.

Interim Administrator Tamayo stated that Staff has received the documents and is reviewing them. Interim Administrator Tamayo stated that Staff anticipates bringing this matter back for final action at the December 2003 Regular meeting.

ELGIN RIVERBOAT RESORT – DANIEL AZARK, EXECUTIVE COMMITTEE MEMBER – KEY PERSON – Donna More, Attorney, was present on behalf of Daniel Azark to request approval as a Key Person.

Based on a review of the staff's investigation and recommendation, Member Peterlin moved **that the Board approve Daniel Azark as Key Person of Elgin Riverboat Resort.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Supplier Licensee Items

JCM AMERICAN CORPORATION – LICENSE RENEWAL – Donna More, Attorney, was present on behalf of JCM American Corporation to request approval for license renewal.

Based on the staff's investigation and recommendation, Member Peterlin moved that **the Board approve the Supplier's license of JCM American Corporation for a term of 4 years expiring November 2007 and approve JCM American Corporation to provide Bill Acceptor Model Series WBA-10/11, WBA-12/13, DBV-145, and DBV-200, replacement parts, repair services, and technical support for Illinois Riverboat Gaming Operations.**

Further, based on the staff's investigation and recommendation, Member Peterlin moved that **the Board certify and approve the following entities, position and persons as Key Persons of the licensee:**

- 1. Japan Cash Machine Co., Ltd.;**
- 2. Joto Kosan Co., Ltd.;**
- 3. President;**
- 4. Akiyoshi Isoi;**
- 5. Koichiro Kamihigashi; and**
- 6. Yojiro Kamihigashi.**

Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Occupational Licensees

Based on staff's investigation and recommendation, Member Clark moved that **the Board approve 58 applications for an Occupational License Level 2 and 127 applications for an Occupational License Level 3.** Member Peterlin seconded the motion. The Board approved the motion unanimously by voice vote.

Proposed Complaints and Disciplinary Actions

- In Re The Disciplinary Action of Gary Buettner & Joel Konrardy

Based on a review of staff's investigation and recommendation, Member Clark moved **that the Board issue a disciplinary complaint against:**

- 1. Gary Buettner - Vice President of Finance at Casino Rock Island, a level 1 occupational licensee for violating the Act and Board Rules in that he failed to notify his supervisor or report the misconduct referenced in the complaint to the IGB until 5 days after he learned of the misconduct; and**

2. **Joel Konrardy – MIS Director at Casino Rock Island, a level 1 occupational licensee for violating the Act and Board Rules in that he failed to investigate and/or report the misconduct referenced in the complaint to his supervisor or the IGB.**

Further, Member Clark moved that **the Board accept the proposed settlement agreement between the Board and Gary Buettner and Joel Konrardy and delegate the authority to the Administrator to execute such agreement.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re: the Disciplinary Action of Des Plaines Development Limited Partnership d/b/a Harrah's Joliet Casino

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **that the Board issue a disciplinary complaint against Des Plaines Development Limited Partnership d/b/a Harrah's Joliet Casino, an Owner Licensee, for violating the Board's rules by instituting and providing complimentary cash coupon programs without obtaining the Administrator's prior approval.**

Further, Member Peterlin moved that **the Board fine Harrah's Joliet Casino \$15,000. The aforementioned action will take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an answer within that time period.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

- In Re: the Disciplinary Action of Par-A-Dice Gaming Corporation d/b/a Par-A-Dice Hotel and Casino

Based on a review of the staff's investigation and recommendation, Member Peterlin moved that **the Board issue a disciplinary complaint against Par-A-Dice Gaming Corporation d/b/a Par-A-Dice Hotel and Casino, an Owner Licensee, for violating the Board's rules by failing to report misconduct, to wit: an employee theft to the IGB until 7 days after it learned of the misconduct.**

Further, Member Peterlin moved that **that the Board fine Par-A-Dice Hotel and Casino \$17,500.00. The aforementioned action will take effect twenty-one (21) days from the date of service of the complaint unless the licensee files an answer within that time period.** Member Clark seconded the motion. The Board approved the motion unanimously by voice vote.

Administrative Hearings

- Vincent Stovall, Denial of Level One Application – Request for Hearing

Based on Staff's recommendation, Member Clark moved that **the Board deny Vincent Stovall's request for hearing based upon a determination that Vincent Stovall's request for hearing does not set forth a *prima facie* case.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

At 2:31 P.M., Member Clark moved that **the Board adjourn.** Member Dugan seconded the motion. The Board approved the motion unanimously by voice vote.

Respectfully submitted,
Monica Thomas

Secretary to the Board